



MODEL 2 PMPM ASSUMPTIONS AND METHODOLOGY

The per member per month (PMPM) is a payment from the State to the Lead Care Management Agencies (LCMAs) to support the Model 2 care management activities of the State’s demonstration to integrate care for Medicare and Medicaid enrollees (MMEs). The PMPM will be paid monthly and prospectively to LCMAs in Model 2. This paper is intended to identify the factors that directly affect the PMPM.

Model Element	Definition	How it is Used in the Model
Total Eligibles	The number of MMEs that will be enrolled into Model 2.	Currently assumed to be 20,000 MMEs. This will be refined when MME enrollment has been adjusted for MMEs that are already enrolled in a Medicare accountable care organization, will enroll into a behavioral health home, or receiving hospice care.
Take-up Rate	The rate at which MMEs will be enrolled into Model 2.	Because the nature of the model is based on total cost of care management per member, take-up does not affect the PMPM.
MME Distribution by RUB/Risk Stratification	Represents the distribution of MMEs by Resource Utilization Band (RUB).	Based on the State’s Medicaid and Medicare Crossover data from Care Analyzer. The values by RUB are approximately 22% <i>very high</i> , 23% <i>high</i> , 40% <i>medium</i> , 5% <i>low</i> , and 10% <i>very low</i> .
Risk Stratified Member’s Distribution of Care	Staffing assumptions for clinical and non-clinical care members of the care management team.	Average staffing distribution for member care: 50% RN, 25% PA, and 6.25% for LPN/LVN, LMFT, LCSW, and LPC. Each member will have a distribution of care ratio based on their risk stratification and all are subject to revision based on additional Mercer clinical and stakeholder input
Caseload	The number of members per licensed staff in Model 2 that will provide care management.	Current caseload assumptions are based on Mercer clinical assumptions, but are subject to revision based on additional stakeholder input. The current assumptions by RUB are 50 to 1 for <i>very high</i> , 70 to 1 for <i>high</i> , 100 to 1 for <i>medium</i> , 150 to 1 for <i>low</i> , and 250 to 1 for <i>very low</i> .
Annual Mean Wage	Bureau of Labor Statistics (BLS) May 2013 State Occupational Employment and Wage Estimates Connecticut	Salary data for clinical/non-clinical staff in the care team. The current salaries assumed in the model are \$76,280 for RNs, \$103,840 for PAs, \$54,690 for LPNs/LVNs, \$52,440 for LMFTs, \$60,757 for LCSWs, and \$49,037 for LPCs.
Benefits Load	BLS June 2014 Employer Costs for Employee Compensation report.	Currently assuming a benefits load of 30%.
Salary Trend	Annual increase in salary accounting for inflation.	The current salary trend in the model is 3%. This represents the upper-end of comparable salary trends.

The model is currently constructed to develop a PMPM across all health neighborhoods. While the PMPM is calculated at the RUB level, it has been proposed that the PMPMs be blended together with one weighted average PMPM paid out to the LCMAs. This weighted average by LCMA would be based upon the LCMAs attributed membership distribution.

The following table contains draft PMPMs for the demonstration years. These PMPMs are considered **draft** and are subject to change as model assumptions are further refined. The PMPMs below currently assume demonstration years beginning on or around March 1, 2015.

Resource Utilization Band	Demonstration Year 1	Demonstration Year 2	Demonstration Year 3
<i>Very High</i>	\$179.39	\$184.77	\$190.31
<i>High</i>	\$128.13	\$131.98	\$135.94
<i>Medium</i>	\$89.69	\$92.38	\$95.16
<i>Low</i>	\$59.80	\$61.59	\$63.44
<i>Very Low</i>	\$35.88	\$36.95	\$38.06
<i>Average</i>	\$111.21	\$114.54	\$117.98

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